

Message Text

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ORIGIN NEA-04

INFO OCT-01 ADP-00 /005 R

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DRAFTED BY: NEA/EGY: MSTERNER

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R 122009Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT

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FOLG FM CAIRO 11 JUL 73 REPEATED TO YOU

QTE

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E.O. 11652: N/A

TAGS: BEXP

SUBJECT: SUMED PIPELINE

1. NATIONAL BANK CHAIRMAN HAMED EL SAYEH TOLD ME TODAY THAT GOVERNMENT OF EGYPT HAS JUST SIGNED PRE-LIMINARY LETTER OF INTENT WITH KUWAITI MINISTER OF FINANCE AND OIL 'ATIQUI FOR FINANCING OF SUMED PROJECT. IN LETTER, KUWAITIS AGREE PUT UP ALL FOREIGN EXCHANGE REQUIREMENTS OF PROJECT IN RETURN FOR 49 PERCENT EQUITY. KUWAITIS MAY IN TURN INVITE OTHER INVESTORS TO PARTICIPATE FOR A PROPORTIONATE SHARE OF KUWAITI EQUITY.

2. SAYEH SAID THAT NEGOTIATIONS ARE NOT FINAL AND GOE IS STILL LOOKING AT OTHER FINANCING POSSIBILITIES. KUWAITI AGREEMENT, HOWEVER, PROVIDES INTERESTING ALTERNATIVE FOR EGYPTIANS SINCE THEY WOULD RECEIVE RETURN ON THE PROJECT IMMEDIATELY RATHER THAN WAITING

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FOR 8 OR 10 YEARS AS WOULD BE REQUIRED IN OTHER PRO-

POSALS WHERE LENDERS WOULD TAKE ALL OF THE PROFITS
UNTIL LOANS HAD BEEN REPAID.

3. SAYEH SAID THAT NEGOTIATIONS WITH SPIE BATIGNOLLE
AND KIDDER PEABODY HAVE NOT RPT NOT BEEN BROKEN OFF
AND EGYPTIANS STILL INTERESTED IN RECEIVING KIDDER
PROPOSAL. NO FINAL DECISIONS HAVE BEEN MADE. SAYEH
ALSO POINTED OUT THAT UNDER KUWAITI ARRANGEMENT GOE
WOULD BE FREE TO HIRE ANY CONSTRUCTION FIRM AND OB-
TAIN SUPPLIES FROM ANY SOURCE. HE INDICATED THAT
BECHTEL AND AMERICAN SUPPLIES WOULD BE PRIMARY
CANDIDATES FOR PARTICIPATION IN KUWAITI FINANCED
PROJECT.

4. FOR BEIRUT: RECOMMEND YOU PASS THIS INFORMATION
TO BEIRUT REPRESENTATIVES OF KIDDER PEABODY, BECHTEL
AND FIRST NATIONAL CITY BANK.

5. FOR DEPARTMENT: RECOMMEND YOU PASS THIS INFORMA-
TION TO US OFFICES OF BECHTEL, KIDDER PEABODY AND
FIRST NATIONAL CITY BANK.

WILEY
UNQTE ROGERS

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